

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF HAWAII

In the Matter of

PUBLIC UTILITIES COMMISSION

Instituting a Proceeding to Investigate the
Implementation Of Feed-in Tariffs.

DOCKET NO. 2008-0273

PUBLIC UTILITIES
COMMISSION

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**BLUE PLANET FOUNDATION'S COMMENTS ON THE SCOPING PAPER
SUBMITTED BY THE STATE OF HAWAII PUBLIC UTILITIES COMMISSION,
"FEED-IN TARIFFS: BEST DESIGN FOCUSING HAWAII'S INVESTIGATION"
(NATIONAL REGULATORY RESEARCH INSTITUTE, DECEMBER 2008)**

AND

CERTIFICATE OF SERVICE

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Blue Planet Foundation ("Blue Planet"), by and through its attorneys Schlack Ito Lockwood Piper & Elkind, hereby submits its comments ("comments") on the Scoping Paper submitted by the State of Hawaii Public Utilities Commission ("Commission") titled, "Feed-In Tariffs: Best Design Focusing Hawaii's Investigation" (National Regulatory Research Institute, December 2008) ("Scoping Paper").¹

I. COMMENTS

Blue Planet views feed-in tariffs (FiTs) as a powerful way to both encourage investment in clean energy resources as well as control the rate and diversity of clean energy

¹ Blue Planet's comments are timely submitted. By its Order Granting Intervention filed November 28, 2008 in the above-referenced Docket ("Docket"), the Commission granted intervention to Blue Planet and directed the parties to file a stipulated procedural order, or, if the parties are unable to stipulate, to file proposed orders for the Commission's review and consideration by December 22, 2008. At the time of this filing, the Commission has not adopted a stipulated procedural order and there are three proposed Stipulated Regulatory Schedules ("SRO") pending before the Commission. Each SRO requires the parties to submit comments on Scoping Paper by December 31, 2008.

development in Hawaii. A properly designed policy will leverage the clear benefits of FiTs while avoiding the potentially negative consequences of such a policy.

The advantages that should be stressed in an FiT policy include providing a clear market signal to clean energy developers, rewarding performance instead of installed capacity, encouraging early investment in clean energy and fostering economies of scale, encouraging a mix of clean energy resources, providing flexibility to respond to changing market conditions, and properly valuing all the benefits of various clean energy resources.

FiTs can be beneficial when they are designed to remove uncertainty in the clean energy marketplace by setting an established, transparent, “no haggle” price for power and invite any capable clean energy provider to participate.

Well-designed FiTs can provide more optimal return on incentive dollar invested by remunerating clean power developers for actual power produced instead of simply paying a flat incentive for the size of the clean energy equipment—the latter can result in inefficient equipment selection, suboptimal siting, and other unintended outcomes.

Early investment in clean energy can be encouraged by setting a decreasing FiT schedule that rewards investors who develop projects earlier rather than later. Similarly, segmenting FiTs at different levels for different clean energy resources (as well as over time and location) is important to diversify Hawaii’s energy portfolio, encourage a mix of clean energy industries and jobs, and provide additional resiliency and reliability in the grid.

To avoid perverse outcomes where changing market conditions result in disproportionately high FiTs, thereby discouraging innovation or yielding energy laundering schemes (i.e. selling power to the utility at the higher FiT rate and then buying it back at the retail rate), the FiTs schedule needs to be revisited on a regular basis. These “mid-course

corrections” need to be balanced with the desire for market certainty. Finally, FiTs should be designed to support overall energy needs by providing schedules that reward on-peak clean energy production and storage potential, among other needs.

Additionally, because of Blue Planet’s interest in diversifying and decentralizing energy resources in Hawaii, Blue Planet is concerned about the interaction with the existing net metering policy and the new FiTs schedule, particularly if the eventual FiTs approach is more burdensome than the net metering program. Blue Planet is interested in exploring options that would allow smaller clean energy producers (perhaps those under 10 kW) to select if they wish to participate in FiTs or simply net meter their system (retail rate).

FiTs, if properly designed, will foster a growing clean energy industry with the benefits of distributed generation, principally local ownership of generating resources, a cleaner environment, and resiliency and reliability in the grid.

DATED: Honolulu, Hawaii, December 31, 2008.



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I HEREBY CERTIFY that on this date a copy of the foregoing document was
duly served upon the following individuals by placing a copy of same in the United States Mail,
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